

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6799

BILL NUMBER: SB 225

NOTE PREPARED: Feb 3, 2004

BILL AMENDED: Feb 2, 2004

SUBJECT: Reorganization of Municipal Corporations in Allen County.

FIRST AUTHOR: Sen. Long

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill provides an optional method for governmental reorganization in Allen County. It changes the population parameters for first and second class cities so that reorganization does not change a city's classification.

The bill provides for establishing and appointing members to a reorganization commission. It requires the commission to develop a plan for reorganization that may include consolidation of governments in the county. It also provides that if a reorganization commission decides to proceed with a government reorganization a local public question on the government reorganization must be submitted to all voters in the county. The bill also provides transition mechanisms for reorganized units.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill applies only to Allen County and to any part of a municipal corporation located inside the county. A municipal corporation, for the purposes of reorganization, means a: county, city, town, township, library district, local housing authority, fire protection district, public transportation corporation, local building authority, local hospital authority or corporation, local airport authority, special service district, or any other separate local governmental entity.

The bill provides for a municipal corporation to reorganize in any of the following ways:

- consolidate or merge municipal corporations;

- consolidate or merge agencies, departments, commissions, or services of a municipal corporation;
- eliminate or create municipal corporations; and/or
- governmental finance, services, or efficiency.

Before a municipal corporation may reorganize, a government reorganization commission must be established. A government reorganization commission is established when the county fiscal body and the fiscal bodies of the second class cities within the county each adopt an ordinance **or** a petition signed by 5% of the registered voters.

Members of a commission may not receive a salary or per diem, however, they may be reimbursed for expenses actually incurred while carrying out the duties of the commission. A commission may pay the expenses for employing staff, obtaining professional services, engaging in public information or education activities, and administering and performing the commissions' responsibilities. A commission would also be required to create an Internet web site for publishing commission documents.

A reorganization commission may pay expenses from the county or city general fund or from other public or private funds. The amount of additional expenses and the exact source(s) of funding are indeterminable at this time and dependent on local action. Any bonds or indebtedness of any of the participating municipal corporations are transferred to the reorganized corporation.

Municipal corporations that reorganize may experience cost savings if duplicated services are eliminated. Any bonds or indebtedness of any of the participating municipal corporations are transferred to the reorganized corporation.

Special Election: The bill provides for a county fiscal body, along with any of its second class city fiscal bodies, to adopt an ordinance to order a special election for proposing a reorganization via public question. If a special election was ordered, the county election board would experience an increase in expenditures. Expenses to run an election include: election board expenses, rental of a facility for polling (if necessary), and/or voting equipment (if necessary). Based on a small sample of Indiana counties, per diem for election board members ranged from \$65 to \$150 for inspectors and from \$40 to \$100 for judges, clerks, and sheriffs.

Explanation of Local Revenues: (Revised) When a municipal corporation reorganizes, all money in the funds of each participating municipal corporation, as well as any revenues and tax distributions, will be transferred to the reorganized corporation. A reorganized municipal corporation may impose property taxes to pay debt service acquired through the reorganization. The Department of Local Government Finance must adjust the maximum property tax levies to reflect the new responsibilities of a reorganized corporation.

State Agencies Affected:

Local Agencies Affected: Allen County.

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.